

# PERS EMPLOYER ADVISORY GROUP MEETING

Date: 01/14/22

Time: 10:00 a.m.–12:00 p.m.

Location: GoToMeeting

<b>TYPE OF MEETING</b>	EAG Meeting
<b>FACILITATOR</b>	Sam Paris
<b>NOTE TAKER</b>	Lindsay Partain
<b>CALL-IN NUMBER</b>	(866) 899-4679      Access Code: 197-754-461
<b>ATTENDEES</b>	<p><b>EAG Members:</b> Lori Sattenspiel, Oregon School Boards Association; Michelle Morrison, Oregon School Boards Association: Hillsboro School District; Nancy Brewer, League of Oregon Cities: City of Corvallis; Rhonda Miller, City of Salem; Thomas Andrews; Trudy Vidal, State of Oregon: Department of Administrative Services; Tyler Janzen, Association of Oregon Counties; Scott Winkels, League of Oregon Cities</p> <p><b>PERS:</b> Alison Burman, Amanda Marble, Brandon Armatas, Cynthia Kirkwood, Eleanor Probasco, El Rossman, Ethan Erickson, Heather Case, Jake Winship, Jonathan Yost, Kevin Olineck, Laurel Galego, Lindsay Partain, Matt Graves, Richard Horsford, Sam Paris, Shawn Harper, Stephanie Vaughn, Yvette Elledge-Rhodes</p> <p><b>Guests:</b> Cheryl Carder, Eric Blumenthal, RK Miller, Ashley Finch, Matthew Apken, Christina Hampton, Thomas Andrews, Dina Farrell, Morgan Allen, Carol Samuels, Cassandra Headley, Deborah Tremblay, Lisa Stanton, Jennifer Jones, Suzanne Linneen, Sharie Lewis (CPA)</p>

## NOTES

<b>TOPIC</b>	<b>Welcome</b>	Sam Paris
TIME: 10:00–10:01		
Sam Paris, PERS Chief Operations Office, welcomed the Employer Advisory Group (EAG) and went over the EAG meeting agenda.		

<b>TOPIC</b>	<b>Director's Office Update</b>	Kevin Olineck
TIME: 10:01–10:04		
<p>Kevin Olineck, PERS Director, provided a Director's Office update. The <b>PERS reopening</b> date has been pushed back due to Omicron spread. At this time, there is no date set for the reopening of PERS offices. Still more work to be done on the <b>2023-25 budget planning</b>; will be bringing it to the July board meeting and submitting it in August. There will be a <b>PERS Board meeting</b> on January 31. The board packet will be posted to the <a href="#">website</a> today.</p>		

TOPIC	Legislative Update	Heather Case
TIME: 10:04–10:24		
<p data-bbox="147 300 1474 336">Heather Case, PERS Senior Policy Advisor, gave a brief legislative update.</p> <p data-bbox="147 373 1474 443">There weren't that many bills that were technical in implementation. 2021 legislative bills will continue to be implemented and should be wrapped up by the spring.</p> <p data-bbox="147 480 1474 642">Senate Bill (SB) 111 salary fix is effective back to 01/01/2020. Includes salary as subject salary for out-of-state employees. This includes employees who have already established a membership in PERS. Reminder that reporting does need to be corrected as of 01/01/2020. Charter schools should be in touch with their ESC representative and should hold off until they receive more information.</p> <p data-bbox="147 680 1474 749"><b>Question:</b> When there are retroactive payments, is there also retroactive interest lost? It feels like employers are being punished for doing the right thing.</p> <p data-bbox="147 749 1474 884"><b>Answer:</b> Yes, employers will be billed for the retroactive payments and for the interest. It shouldn't affect too many people and PERS is monitoring for unexpected employer contribution payments and will be seeing what help the board can offer depending on the overall impact.</p> <p data-bbox="147 921 1474 1056"><b>2022 Legislative Preview.</b> Will be monitoring and ready for any situations that arise, but haven't received anything significant that affects PERS, except for the charter school amendment. Trying to work in the interim to help people understand the tax implications of legislative bills regarding Police &amp; Fire employees.</p> <p data-bbox="147 1094 1474 1228"><b>Timeline for 2023 Legislative Concepts.</b> We are developing the 2023 legislative concepts and focusing on the pivot to Modernization efforts. Funds have been requested and these funds will include some legislative fixes. Hoping to clean up and align statutory requirements. Bills will be submitted in December 2022.</p> <p data-bbox="147 1266 1474 1335">If you would like to stay updated on the development process for legislative concepts, the Government Relations staff of your employer organization will have more information.</p> <p data-bbox="147 1373 1474 1472"><b>Question:</b> The legislative concepts stakeholder meeting date on 02/09/22 is right in the middle of the February session and this is prime bill-making time. Will be soliciting folks to be there on my behalf. Any chance they'll move the meeting?</p> <p data-bbox="147 1472 1474 1570"><b>Answer:</b> We've asked attendees to submit delegates or to forward the event to others. Heather will be sending out a document with legislative concepts to the meeting attendees; be sure to forward it to anyone you would like to invite to attend.</p> <p data-bbox="147 1608 1474 1707"><b>Question:</b> Regarding wages for temporary employees (SB 112), there was concern about employees who work through Gartner who are then hired on at a later date and if employers are responsible for those wages.</p> <p data-bbox="147 1707 1474 1877"><b>Answer:</b> You are not responsible for those wages, and cases where there are disputes regarding whether or not someone is an employee are reviewed on a case-by-case basis. SB 112 clarifies factors PERS will use while making decisions in the cases of disputes of inclusion of service time. It clarifies the return to IRS balancing that we were doing before the <i>EWEB</i> Supreme Court Case, which said that employees would be considered employees only if they</p>		

were on the payroll of the employer. The court case helped us realize that we needed to clarify this bill regarding disputes. PERS is in the process of rulemaking and working with a workgroup regarding the clarification of this bill in administrative rules.

<b>TOPIC</b>	<b>Modernization Update</b>	Kevin Olineck
TIME: 10:24–10:34		
<p>Kevin Olineck gave an update on Modernization plans to update our systems, capabilities, and business practices.</p> <p>Our applications are not meeting the needs of our members, employers, or staff. Due to the complexity of our pension plan, it can also be quite costly, and to mitigate that cost we had been using manual processes, but it's time to implement more flexible, modernized platforms that decrease the amount of time that processes take.</p> <p>CEM Benchmarking looks at cost, complexity, and service scores, and right now our score is at 60, which is below the peer median of 82. With this in mind, we need to take a look at our service design approach, or making our service meet the needs of users and stakeholders, and how it works best for staff.</p> <p>Currently, we are at the architecture and planning phase, and looking at vision and strategy. We'll be working on transforming business processes, automating processes and calculations, reducing risk, and integrating our lines of service. Ultimately, we would like to have a resource that is a single stop for member services, is an adaptable and flexible environment, and, most importantly, securely protects member data.</p> <p>Will be going to the May Emergency Board to seek more funds, and we will continue to seek your feedback here at EAG.</p>		

<b>TOPIC</b>	<b>SB 1049 Program Update</b>	Yvette Elledge-Rhodes
TIME: 10:34–11:02		
<p>Yvette Elledge-Rhodes, PERS Deputy Director, went over the SB 1049 Roadmap and gave a general project update. SB 1049 is progressing as expected. It will continue into the next biennium, so we will be requesting funds for the 2023-25 biennium. There are four active projects: Work After Retirement (set to close in late February), Member Redirect project (mostly internal-facing work packages left), the Technical Debt project (currently working on employer statements), and the Cross Project effort (working on internal-facing tools; will most likely extend beyond this biennium as well).</p> <p>Matt Graves, PERS Financial Reporting Coordinator, gave an update on the <b>WAR Work Package 4 Release</b>. In December, we deployed the final work package, which successfully fixed the side-account overcharging issue. We gave the final refunds and applied them to applicable side accounts.</p>		

**Question:** Heard from Gladstone School District that there is still an issue with getting their refund; they may have a negative rate.

**Answer:** We will look into that.

**Question:** Will the ability for a retiree to work unlimited hours be extended past 2024?

**Answer:** This will be up to the legislature, and there's been no indication either way. We will be reminding them of the deadline but cannot initiate any extensions.

Brandon Armatas, PERS Data Services Manager, provided a **Salary Limit project** update, giving a brief background on the project and the SB 1049 impact. Moving into 2022, the new limit is \$210,582. The 2022 monthly prorated limit was updated to \$17,548.

**Question:** Employers were getting suspended records for employees who surpassed the salary limit because of salary they earned from other employers. But we aren't able to see that salary. It required communication with PERS to figure out the reason for the suspension. May not be as big of an issue this year, but it is something to be aware of.

**Answer:** This is definitely something we're hoping to see less of this year and can go into this further offline.

Sam Paris gave a brief update on the **Member (IAP) Redirect threshold**. With House Bill (HB) 2906, the monthly Member Redirect salary threshold increased to \$3,333, effective 01/01/2022. This has been updated and working as designed. For 2023, this will be adjusted based on the Consumer Price Index (CPI).

**Question:** When it was \$2,500/month, there were lots of people signing up for voluntary contributions. With the threshold being higher, it may be a smaller pool of qualifying people. What does this mean in terms of refunds?

**Answer:** If they don't meet the minimum, it won't charge. If you debit the money from your employer's account and their salary that month does not cause a Member Redirect, you are responsible for refunding them that money.

*Update:* PERS identified 131 members who had elected voluntary contributions and who are now under the \$3,333 threshold amount.

Alison Burman, PERS Employer Training & Communications Specialist, provided an update on the **Technical Debt project**. We are making some changes to the format of the employer statement view to make it easier to read and understand the statements. It will be similar to a bank statement. Alison walked through a few screens from existing statements and showed how they will look in the updated statements. There is a new feature on the statement home page — Total Balance View "Statements at a Glance" that will show, among other balances, the total amount due (shown on slide 22 of [the EAG presentation](#)). Live links will allow easy access to invoice and statement details.

EAG member comments were very enthusiastic about the previewed changes.

**Question:** Will employers be able, once in the side account link, to track the remaining balance of that invoice?

**Answer:** We are anticipating a challenge here. The side account balances are only tried up at the valuation point, but we can bring this forward. It may not be feasible now, but it is something we can work toward. Jake (Winship) will go into the details once we transition to the Actuarial update.

<b>TOPIC</b>	<b>Actuarial Update</b>	Jake Winship
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TIME: 11:02–11:48

Jake Winship, PERS Manager of Actuarial Activities, gave an actuarial update. If you have any feedback, questions, or concerns we encourage you to reach out to the [actuarial.services@pers.oregon.gov](mailto:actuarial.services@pers.oregon.gov) inbox.

**The Employer Collared Base Pensions Rates** chart (shown on slide 30 of [the EAG presentation](#)) shows us that we have an anticipated 2023-25 increase resulting from the change to the assumed rate. As members accrue benefits, the current year costs are higher. We do not anticipate any decrease to the UAL rates due to rate collar restrictions.

**Question:** Does this chart take into account the 2021 returns?

**Answer:** The information does reflect 2021 values, which I believe are through October. We will subsequently get November and December. Preliminary earnings rates will be presented at the January 31 board meeting. Milliman’s October presentation looked at the system-wide valuation results and the 2020 valuation. The UAL is going to be basically flat based on 2021 results. Normal cost is forward-looking, so will increase because of the lower assumed rate.

**SB 1566 School Districts Unfunded Liability Fund (SDULF) update** (slide 33 of [the EAG presentation](#)). As of November 30, 2021, SDULF has \$378,550. We do have a pretty firm expectation of having \$45.5 million come in based on the interest of unclaimed property, and \$75 million from proceeds on estate taxes in the biennium of 2023.

**Question:** Can you share who you are meeting with from stakeholders on this subject? I would encourage you to include Oregon School Boards Association (OSBA) and Coalition of Oregon School Administrators (COSA) reps in this. For EIF stakeholder meetings, COSA, Oregon Association of School Business Officials (OASBO), and OSBA would appreciate being looped in ([morgan@cosa.k12.or.us](mailto:morgan@cosa.k12.or.us) and [lstattenspiel@osba.org](mailto:lstattenspiel@osba.org)).

**Answer:** We’re looking at current statutes to see ways to apply these funds. Still in the early stages of the planning and identifying needs of the budget cycles.

There is a requirement that we will need to provide proof of funds. We do have over \$35 million of demonstrated interest that we can use to apply for funding. Having conversations with Legislative Fiscal Office (LFO) about how to handle this process. With the statute as currently written\*, the first 90 days will be dedicated to employers with high UAL. We would like to know how much notice employers would need to comfortably budget in order to participate in EIF.

Going back to the Sports Betting Forecast, we’re asking where employers’ 2023 budget planning begins and how we can align our communications to make this a comfortable process and an easy transition.

\*From SB 1049 section 47, “For 90 days after the board begins accepting applications under subsection (1) of this section, a participating public employer may apply to reserve matching amounts from the Employer Incentive Fund under subsection (1) of this section only if the unfunded actuarial liability attributable to the employer, as determined in the most recent report prepared under ORS 238.605, is more than 200 percent of the employer’s payroll for members of the Public Employees Retirement System.”

Most side accounts will be fully amortized by December 31, 2027 (the end of the 20-year period), but they may not be completely spent by then. We need to start thinking about these now. We'd like your feedback about this communication to minimize any disruptions.

**Question:** 2027 is also the end of transition surpluses and we would like this to be built into the side account transition.

**Answer:** This point has been noted and will be addressed in upcoming meetings.

**Question:** It would be better to have a mid-biennium adjustment to rates.

**Answer:** An excellent point. We will be meeting with Milliman in the near future and will bring this to them so we can explore options and strategies to make for more appropriate budgeting.

**Question:** There has been a desire for a while to get real-time/periodic value of our side accounts. Would like to get a pin in that topic to be addressed at a later time.

**Equal To Or Better Than Testing update.** We have identified 10 plans to test; all are Police & Fire accounts. We are engaging an actuarial firm to make this determination. We have sent a request for quote to three firms with a response deadline of January 26, 2022. If we have an acceptable response, PERS staff will make a recommendation to the board, who will direct further action at the January 31, 2022, meeting.

**Employer Rate Projection Tool** moved to a Cloud-based tool in July 2021. We are now updating the numbers based on new rates (e.g., assumed rate) that went into effect January 1. We are anticipating minimal downtime and will communicate when the updated information is available. We are planning a future cycle of updating data at the end of each year and making refinements, updates, and enhancements in the summer. We will be looking for feedback from our technical resources to see what is feasible and should have more details on this in the spring. Process to begin adding new features are scheduled for this summer.

**Pension Obligation Bonds.** We are working with the Municipal Debt Advisory Council on the reporting requirements. We will have the preliminary crediting information in January, and will have the final results at the March 28, 2022, [board meeting](#). Any feedback on improving our processes is welcome to help get you information in a timely fashion.

**Question:** March shouldn't be a problem because the deadline to submit information is December 1, 2022. Broader issue is the additional data point being requested on the side account of each employer from the date of inception. We would like guidelines for how they might be able to do a rough calculation themselves so there is some consistency to what jurisdictions are reporting.

**Answer:** Jake noted this concern and will bring this up for further discussion with the team to appropriately determine the interim period calculations.

Continuing to build the *Guide to Understanding Pension Obligation Bonds* and working to make its format consistent with previous guides. Anticipating it being fully published by the end of the first quarter.

<b>TOPIC</b>	<b>Communications</b>	Shawn Harper
TIME: 11:48–11:55		
<p>Shawn Harper (formerly Dempewolf), PERS Employer Communications Specialist, gave a brief overview of updates from Communications.</p> <p>The Communications team is updating employer manuals, webpages, documents, and training materials. Covering the updates to the Employer website, Communications has updated a new <a href="#">Invoicing webpage</a> and the <a href="#">Work After Retirement webpage</a>, Communications is also updating the Employer Manual and EDX User Guide. We are also working with ESC to update the EDX training materials, turning two courses into four and including accompanying training manuals.</p>		

<b>TOPIC</b>	<b>Additional items</b>	Sam Paris
TIME: 11:55–12:03		
<p>Sam Paris introduced the remaining additional items, the OPSRP First Wage Clean-Up Project, Year-End Clean-Up, and EAG Survey.</p> <p>Brandon Armatas, provided an update on the <b>OPSRP First-Wage Clean-Up Project</b>. This may be the last update on this project as it is almost complete. For nearly all impacted members, the wage-adjustments process occurred in November and December 2021, with very few discrepancies. This project included 37,000 members across 484 employers. We are working on communications to employers to provide final guidance.</p> <p>Laurel Galego, PERS Employer Service Center Manager, gave a brief reminder of the upcoming <b>year-end completed report and suspended records clean-up</b>. Employers must make sure all their records are posted by March 4, 2022. If any contributions are not paid when due, you will be charged prior year earnings on those invoices.</p> <p>Sam Paris informed attendees that an <b>EAG Survey</b> will be sent out to EAG members before the April 2022 meeting about their meeting attendance preferences. Looking to move platform from GoToMeeting to Microsoft Teams.</p>		

<b>TOPIC</b>	<b>Questions</b>	Sam Paris
TIME: 12:03–12:05		
<p>Any additional feedback on EAG meetings and items you would like discussed are always appreciated. Please direct your emails to the EAG inbox: <a href="mailto:Employer_Advisory_Group@pers.oregon.gov">Employer_Advisory_Group@pers.oregon.gov</a>.</p>		

<b>Next meeting facilitator:</b> Sam Paris
<b>Next meeting date and time:</b> April 22, 2022, 10:00 a.m.–12:00 p.m.